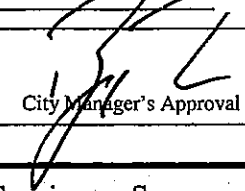




Report to the Auburn City Council

Action Item
Agenda Item No. 7
 City Manager's Approval

To: Honorable Mayor and Members of the City Council, Serving as Successor Agency to the Dissolved Auburn Urban Development Authority

From: Robert Richardson, City Manager
Andy Heath, Administrative Services Director

Date: February 27, 2012

Subject: Consideration of approving and adopting an initial draft of the Recognized Obligation Payment Schedule pursuant to Health and Safety Code section 34177(l)

The Issue

Shall the City Council adopt a resolution approving and adopting an initial draft of the Recognized Obligation Payment Schedule pursuant to Health and Safety Code section 34177(1)?

Action Requested

It is recommended that the City Council, by **RESOLUTION**, approve and adopt an initial draft of the Recognized Obligation Payment Schedule pursuant to Health and Safety Code section 34177(1).

Background

On June 28, 2011, as part of the 2011-2012 State of California budget bill, companion bills Assembly Bill 1X 26 ("AB 26") and Assembly Bill 1X 27 ("AB 27") were enacted, dissolving the Auburn Urban Development Authority ("AUDA"), unless the City of Auburn ("City") elected to participate in the "Alternative Voluntary Redevelopment Program" established by AB 27 and paid an annual "community remittance" payment to the County of Placer. On July 18, 2011, a Petition for Writ of Mandate was filed in the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("Legal Action"), challenging the constitutionality of AB 26 and AB 27 on behalf of cities, counties and redevelopment agencies. On December 29, 2011, the Supreme Court issued its opinion in the Legal Action, upholding AB 26, invalidating AB 27, extending certain statutory deadlines under Health and Safety Code Sections 34170 through 34191, and dissolving all redevelopment agencies throughout the State, effective February 1, 2012.

Analysis

The City elected to become the successor agency to AUDA by Resolution No. 12-03, dated January 9, 2012. One of the responsibilities of the City, as successor agency, is to prepare a Recognized Obligation Payment Schedule ("ROPS"), which sets forth the nature, amount, and source(s) of payment of all "enforceable obligations" of AUDA (as defined by law) to be paid by the successor agency after AUDA's dissolution, covering the forward-looking six month fiscal period, except for the initial draft of the ROPS, which is to cover the period from February 1, 2012, through June 30, 2012. Only payments required pursuant to the ROPS may be made by the successor agency, after May 1, 2012.

The "enforceable obligations" listed in the ROPS may include the following: bonds; loans legally required to be repaid pursuant to a payment schedule with mandatory repayment terms; payments required by the federal government, preexisting obligations to the state or obligations imposed by state law; judgments, settlements or binding arbitration decisions that bind the agency; legally binding and enforceable agreements or contracts; contracts or agreements necessary for the continued administration or operation of the agency, including agreements to purchase or rent office space, equipment and supplies; and amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of June 29, 2011. However, the ROPS is to exclude pass-through payments to be made by the county after dissolution of AUDA and any agreements, contracts or arrangements between the City and AUDA, except any of the following agreements between the City and AUDA: (1) any written agreements between the City and AUDA entered into prior to December 31, 2010, solely for the purpose of securing or repaying indebtedness obligations to third parties; and (2) loan agreements entered into between the City and AUDA within two years of the date of creation of AUDA.

Pursuant to Health and Safety Code section 34177(1)(2), as modified by the Supreme Court's opinion in the Legal Action, the City, as successor agency, is required to prepare an initial draft of the ROPS covering the period from February 1, 2012, through June 30, 2012, by March 1, 2012. This draft is submitted to an external auditor (pursuant to Health and Safety Code section 34182, either the county auditor-controller or its designee), for review and certification as to its accuracy ("Certified ROPS"). The Certified ROPS is submitted to and duly approved by the oversight board ("Approved ROPS"). The Approved ROPS is finally submitted to the county auditor-controller, the State Controller's office and the State Department of Finance, and posted on the City's website.

The City, as successor agency, has prepared the initial draft of the ROPS covering the period from February 1, 2012 through June 30, 2012. It needs to be submitted to an external auditor for review and certification.

Alternatives Available to the Board; Implications of Alternatives

1. By **RESOLUTION**, approve and adopt an initial draft of the Recognized Obligation Payment Schedule pursuant to Health and Safety Code section 34177(1).
2. Do not adopt a resolution. As successor agency to the former Auburn Urban Development Authority, the City is required to adopt a Recognized Obligation Payment Schedule.

Fiscal Impact

No City funds are involved with the adoption of the initial draft of the ROPS. The initial draft of the ROPS simply lists existing AUDA obligations.

Attachment – Draft ROPS

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AUBURN,
SERVING AS THE SUCCESSOR AGENCY TO THE DISSOLVED
AUBURN URBAN DEVELOPMENT AUTHORITY, APPROVING AND
ADOPTING AN INITIAL DRAFT OF THE RECOGNIZED
OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND
SAFETY CODE SECTION 34177(l)**

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the City of Auburn ("Successor Agency") elected to become the successor agency to the Auburn Urban Development Authority by Resolution No.12-03 on January 9, 2012; and

WHEREAS, Health and Safety Code Section 34177(l)(2), as modified by the Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, requires the Successor Agency to prepare an initial draft of the recognized obligation payment schedule ("ROPS") by March 1, 2012, covering the period from February 1, 2012 through June 30, 2012; and

WHEREAS, Health and Safety Code Section 34177(l)(2) requires the Successor Agency to submit the initial draft of the ROPS to an external auditor, either the Placer County Auditor-Controller or its designee, for the auditor's review and certification as to its accuracy; and

WHEREAS, Health and Safety Code Section 34177(l)(2) requires the Successor Agency to submit the ROPS certified by the external auditor ("Certified ROPS") to the Successor Agency's oversight board for its approval, and upon such approval, the Successor Agency is required to submit a copy of the approved ROPS ("Approved ROPS") to the Placer County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and post the Approved ROPS on the Successor Agency's website; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN,
SERVING AS THE SUCCESSOR AGENCY TO THE AUBURN URBAN
DEVELOPMENT AUTHORITY, DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The approval of the initial draft of the ROPS through this Resolution does not commit the Successor Agency to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Approval of Initial Draft of the ROPS. The Successor Agency hereby approves and adopts the initial draft of the ROPS, in substantially the form attached to this Resolution as Exhibit A, as required by Health and Safety Code Section 34177.

Section 4. Transmittal of Initial Draft of the ROPS. The City Manager is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law regarding the initial draft of the ROPS, including submitting the initial draft of the ROPS to the Placer County Auditor-Controller, or its designee, the submission of the Certified ROPS to the Successor Agency's oversight board, upon the oversight board's formation, the submission of the Approved ROPS to the Placer County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and posting the Approved ROPS on the Successor Agency's website.

Section 5. Effectiveness. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City of Auburn, serving as the successor agency to the Auburn Urban Development Authority, on the ____ day of _____, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Mayor

ATTEST:

City Clerk

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34177 (*)

Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)											
							Payments by month											
							Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Total					
1) 2008 Tax Allocation Bonds	Wells Fargo Bank	Bond issue to fund non-housing projects	Aub Red Project	9,080,142.00	339,342.50	RPTTF											\$ 209,170.50	
2) Streetscape - Const. Contract	Foothill & Associates	Design / Review / Construction mgmt.	Aub Red Project	91,723.00	91,723.00	RPTTF											\$ 50,976.00	
3) Streetscape - Const. Contract	Harrison	Construction	Aub Red Project	809,059.00	809,059.00	RPTTF	10,476.00	16,200.00	16,200.00	8,100.00							\$ 278,739.00	
4) Streetscape - Const. Contract	Guilarte	Construction	Aub Red Project	3,578.00	3,578.00	RPTTF	89,739.00	83,000.00	105,000.00								\$ -	
5) Streetscape - Employee Costs	Employees of Agency	Payroll for Employees - Project	Aub Red Project	14,000.00	14,000.00	RPTTF	2,000.00	1,000.00	500.00	500.00							\$ 4,000.00	
6) Old City Hall - Const. Contract	KMC - Xen Magee	Construction	Aub Red Project	52,036.00	52,036.00	RPTTF	15,000.00										\$ 15,000.00	
7) Old City Hall - Const. Contract	JM Environmental	Construction	Aub Red Project	31,503.00	31,503.00	RPTTF											\$ -	
8) Old City Hall - Const. Contract	Lee Buckingham	Construction	Aub Red Project	900.00	900.00	RPTTF											\$ -	
9) Old City Hall - Const. Contract	Employees of Agency	Payroll for Employees - Project	Aub Red Project	4,000.00	4,000.00	RPTTF											\$ -	
10) Old City Hall - Employee Costs	Employees of Agency	Payroll for Employees - Project	Aub Red Project	3,000.00	3,000.00	RPTTF	385.00										\$ 385.00	
11) Old Town Firehouse - Const. Contract	Capital Improvement	Construction	Aub Red Project	39,306.00	39,306.00	RPTTF											\$ -	
12) Old Town Firehouse - Employee Costs	Employees of Agency	Payroll for Employees - Project	Aub Red Project	800.00	800.00	RPTTF											\$ -	
13)																	\$ -	
14)																	\$ -	
15)																	\$ -	
16)																	\$ -	
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28)																	\$ -	
29)																	\$ -	
30)																	\$ -	
31)																	\$ -	
32)																	\$ -	
Totals - This Page (RPTTF Funding)							\$ 10,130,047.00	\$ 1,388,247.50	N/A	\$ 117,600.00	\$ 100,200.00	\$ 122,700.00	\$ 8,500.00	\$ 209,170.50	\$ -		\$ 558,270.50	
Totals - Page 2 (Other Funding)							\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	
Totals - Page 3 (Administrative Cost Allowance)							\$ 153,888.00	\$ 153,888.00	N/A	\$ 33,972.00	\$ 4,500.00	\$ -	\$ 33,972.00	\$ 4,500.00	\$ 33,972.00		\$ 110,916.00	
Totals - Page 4 (Pass Thru Payments)							\$ 21,189,000.00	\$ 286,788.00	N/A	\$ -	\$ -	\$ -	\$ -	\$ 286,788.00	\$ -		\$ 286,788.00	
Grand total - All Pages							\$ 31,472,835.00	\$ 1,828,923.50		\$ 151,572.00	\$ 104,700.00	\$ 122,700.00	\$ 42,572.00	\$ 500,458.50	\$ 33,972.00		\$ 955,972.50	
** The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board and audited by the County.																		
*** All totals due during fiscal year and payment amounts are projected.																		
*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)																		
RPTTF - Redevelopment Property Tax Trust Fund																		
Bonds - Bond proceeds																		
Other - reserves, rents, interest earnings, etc																		
Admin - Successor Agency Administrative Allowance																		
LMHF - Low and Moderate Income Housing Fund																		

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board and audited by the County.

** All totals due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

RPTTF - Redevelopment Property Tax Trust Fund
 Admin - Successor Agency Administrative Allowance
 Other - reserves, rents, interest earnings, etc

Admin - Successor Agency Administrative Allowance

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34177 (*)

Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Funding Source ***	Payable from Other Revenue Sources						Total
							Payments by month						
							Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	
1)													\$ -
2)													\$ -
3)													\$ -
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31)													\$ -
32)													\$ -
33)													\$ -
Totals - LMHF													\$0.00
Totals - Bonds													\$0.00
Totals - Other													\$0.00
Grand total - This Page													
* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board and audited by the County.													
** All total due during fiscal year and payment amounts are projected.													
*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RP/TF could also mean tax increment allocated to the Agency prior to February 1, 2012.)													
RP/TF - Redevelopment Property Tax Trust Fund													
LMHF - Low and Moderate Income Housing Fund													
Admin - Successor Agency Administrative Allowance													

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board and audited by the County.

** All total due during fiscal year and payment amounts are projected.

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)

RPTTF - Redevelopment Property Tax Trust Fund
 LMHF - Low and Moderate Income Housing Fund
 Admin - Successor Agency Administrative Allowance

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 28 - Section 34177 (*)

Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Funding Source **	Payable from the Administrative Allowance Allocation						Total
							Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	
1) Employee Costs - Administration	Employees of Agency	Payroll for Employees - Administration	Aub Red Project	135,888.00	135,888.00	ADMIN	33,972.00						\$ 101,916.00
2) Other Admin Costs	City	Payroll City for other admin costs	Aub Red Project	18,000.00	18,000.00	ADMIN		4,500.00		33,972.00	4,500.00	33,972.00	\$ 9,000.00
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Totals - This Page				\$ 153,888.00	\$ 153,888.00		\$ 33,972.00	\$ 4,500.00	\$ -	\$ 33,972.00	\$ 4,500.00	\$ 33,972.00	\$110,916.00

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** All total due during fiscal year and payment amounts are projected.
 *** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)
 RPTTF - Redevelopment Property Tax Trust Fund
 LMHF - Low and Moderate Income Housing Fund
 Bonds - Bond proceeds
 Admin - Successor Agency Administrative Allowance
 Other - reserves, rents, interest earnings, etc

OTHER OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34177 (*)

Project Name / Debt Obligation	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2011-2012**	Source of Fund***	Payments by month						Total
							Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	
1) Section 33676 Payments	Placer County	Payments per former CRL 33676	Aub Red Project	3,143,000.00	61,000.00	RPTTF					61,000.00		\$ 61,000.00
2) Section 33676 Payments	Auburn Cemetery	Payments per former CRL 33676	Aub Red Project	163,000.00	3,300.00	RPTTF					3,300.00		\$ 3,300.00
3) Section 33676 Payments	Auburn Park	Payments per former CRL 33676	Aub Red Project	636,000.00	12,400.00	RPTTF					12,400.00		\$ 12,400.00
4) Section 33676 Payments	Auburn Elementary	Payments per former CRL 33676	Aub Red Project	2,284,000.00	44,300.00	RPTTF					44,300.00		\$ 44,300.00
5) Section 33676 Payments	Placer High	Payments per former CRL 33676	Aub Red Project	1,995,000.00	38,000.00	RPTTF					38,000.00		\$ 38,000.00
6) Section 33676 Payments	Placer College	Payments per former CRL 33676	Aub Red Project	813,000.00	16,000.00	RPTTF					16,000.00		\$ 16,000.00
7) Section 33401 Payments	Placer County	Payments per former CRL 33401	Aub Red Project	2,460,000.00	69,000.00	RPTTF					69,000.00		\$ 69,000.00
8) Section 33401 Payments	County Library	Payments per former CRL 33401	Aub Red Project	202,000.00	5,000.00	RPTTF					5,000.00		\$ 5,000.00
9) Section 33401 Payments	Auburn Cemetery	Payments per former CRL 33401	Aub Red Project	134,000.00	4,000.00	RPTTF					4,000.00		\$ 4,000.00
10) Section 33401 Payments	Auburn Park	Payments per former CRL 33401	Aub Red Project	526,000.00	14,000.00	RPTTF					14,000.00		\$ 14,000.00
11) Statutory Payments	Placer County	Payments per CRL 33607.5 and 7	Aub Red Project	1,612,000.00	0.00	RPTTF					0.00		\$ -
12) Statutory Payments	County Library	Payments per CRL 33607.5 and 7	Aub Red Project	90,000.00	0.00	RPTTF					0.00		\$ -
13) Statutory Payments	Auburn Cemetery	Payments per CRL 33607.5 and 7	Aub Red Project	94,000.00	0.00	RPTTF					0.00		\$ -
14) Statutory Payments	Auburn Park	Payments per CRL 33607.5 and 7	Aub Red Project	367,000.00	0.00	RPTTF					0.00		\$ -
15) Statutory Payments	Placer Resource Center	Payments per CRL 33607.5 and 7	Aub Red Project	6,000.00	200.00	RPTTF					200.00		\$ 200.00
16) Statutory Payments	Auburn Elementary	Payments per CRL 33607.5 and 7	Aub Red Project	1,910,000.00	1,000.00	RPTTF					1,000.00		\$ 1,000.00
17) Statutory Payments	Placer High	Payments per CRL 33607.5 and 7	Aub Red Project	1,668,000.00	1,000.00	RPTTF					1,000.00		\$ 1,000.00
18) Statutory Payments	Placer College	Payments per CRL 33607.5 and 7	Aub Red Project	680,000.00	200.00	RPTTF					200.00		\$ 200.00
19) Statutory Payments	Office of Ed	Payments per CRL 33607.5 and 7	Aub Red Project	1,118,000.00	1,000.00	RPTTF					1,000.00		\$ 1,000.00
20) Statutory Payments	City of Auburn	Payments per CRL 33607.5 and 7	Aub Red Project	362,000.00	1,000.00	RPTTF					1,000.00		\$ 1,000.00
21) Statutory Payments	Placer Water	Payments per CRL 33607.5 and 7	Aub Red Project	6,000.00	100.00	RPTTF					100.00		\$ 100.00
22) SB 2557 Collection Costs	County of Placer	Taxroll Collection Costs (estimated)	Aub Red Project	700,000.00	15,288.00	RPTTF					15,288.00		\$ 15,288.00
Totals - Other Obligations				\$ 21,189,000.00	\$ 286,788.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,788.00	\$ -	\$ 286,788.00

* The Preliminary Draft Recognized Obligation Payment Schedule (ROPS) is to be completed by 3/1/2012 by the successor agency, and subsequently be approved by the oversight board and audited by the County.
 ** All total due during fiscal year and payment amounts are projected.
 *** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)
 RPTTF - Redevelopment Property Tax Trust Fund
 LMIHF - Low and Moderate Income Housing Fund
 Admin - Successor Agency Administrative Allowance

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